

March 8, 2016

**To: Members of the Banking Committee**

**Fr: Connecticut Bankers Association**

**Re: H.B. No. 5559, AN ACT CONCERNING THE REPORTING OF UNAUTHORIZED  
SIGNATURES OR ALTERATIONS BY BANKS**

**Position: Support with changes**

This bill would clarify that a bank and its depositor may agree on a reasonable period of time for the depositor to report unauthorized transactions after the receipt of the depositor's monthly statement. If the depositor reports a questionable transaction within the agreed-upon timeframe (e.g., 60 days), the depositor preserves its rights to dispute the transaction.

For good reason, these types of contractual provisions are included in virtually all deposit account relationships across America. They are critical to the early detection and prevention of fraud. This legislation would provide an important clarification to ensure that Connecticut's *Uniform Commercial Code* provisions are interpreted with *uniformity* with the rest of the nation

Early detection can also help the parties to halt ongoing, repetitive fraud and track down and recover funds from the wrongdoers. In other words, these provisions provide benefits to depositors, law enforcement and the banking system.

These important public policy considerations have long been recognized by the federal government. As such, similar provisions are included in laws administered by the Consumer Financial Protection Bureau. For example, the Electronic Funds Transfer Act and Regulation E establish a 60-day deadline for reporting potential fraud with debit cards and ATM transactions. The Truth-in-Lending Act and Regulation Z establish a similar 60-day deadline for reporting problems on credit card statements.

In summary, enactment of this legislation is important to ensure that Connecticut continues to support industry efforts to battle fraud against consumers. Criminals invent new fraudulent schemes virtually every day. Now, more than ever, Connecticut needs to ensure that its laws clearly encourage and support the early detection and prevention of fraud against its residents.

We look forward to working with the Committee to provide suggestions on how to improve the language of the bill, to accomplish the goal of protecting consumers.